

Prepared Statement of United States Olympic Committee President Marty Mankamyer

Senate Committee on Commerce, Science and Transportation (January 28, 2003).

Mr. Chairman and Members of the Committee:

Good afternoon and thank you for giving me the opportunity to address the Committee concerning the issues we at the USOC are currently grappling with. As you may know, I am grateful and proud to have served as a USOC volunteer since 1984, when I first became a member of the Games Preparation Committee. Beginning in 1990, I served on the USOC Board and National Governing Body Council, and in 2000 I was elected Vice-President -- Secretariat of the USOC. In August 2002, when I was elected President of the USOC, I made it clear that I was interested in nothing more than serving for the remainder of the present quadrennial (which ends after the 2004 Athens Olympics) and would not run for re-election. Since I have no aspirations to future leadership positions in the USOC, I believe I am one of the very few people who are well-positioned to deal in an unbiased fashion with the difficult issues facing the USOC, and I am requesting that you, Senators, along with your colleagues in the House, work with the USOC to mandate the changes necessary to move the organization forward.

After almost twenty years of volunteering for the USOC, I am very concerned about its future, particularly in light of the disagreements and controversies that have caused us to be here today. Indeed, I recognize that for everyone who loves the Olympic Movement and amateur sports -- as I do -- the events of the past two weeks and the attendant press reports have been a great disappointment. You have asked, "What happened to bring us to where we are today?" I am here to try to answer that question.

I believe there are really three factors that are responsible. First, a situation arose requiring review by the Ethics Oversight Committee and a vote of the Executive Committee. Second, there were improper and continuous leaks of confidential information to the press about that ethics issue. Third, as must now be obvious to everyone, the governmental structure of the USOC must be re-examined and streamlined. I will address each of these three factors in turn.

I. The Ethics Issue.

As to the first factor (and as others have stated before this panel), substantial controversy has resulted from the decision by the USOC Executive Committee after its receipt and review of the report of the Ethics Oversight Committee, which was chaired by Mr. Ken Duberstein, concerning the conduct of the USOC's Chief Executive Officer, Lloyd Ward. The Executive Committee ultimately accepted and adopted the report of the Ethics Oversight Committee, which in turn initially concluded that there was only an "appearance of conflict of interest" on the part of Mr. Ward. As a result of that determination, three members of the Ethics Oversight Committee, a member of the USOC Executive Committee, and the USOC's Ethics Compliance Officer have resigned in protest. Subsequently, and without any formal action by the USOC Executive Committee, my critics have clarified their position at least to acknowledge a "technical violation" of the USOC Code of Ethics by Mr. Ward, even though the term "technical violation" is nowhere to be found in the USOC Code of Ethics.

I am not the person in the best position to speak to the Ethics Oversight Committee's process and how it worked in this instance. Needless to say, I believe that it is essential that the Ethics Oversight Committee itself be free from perceived or actual

conflicts of interest. But it is not, and was not, my role to make substantive ethics determinations; and I played no part in the deliberative process concerning the issues before the Ethics Oversight Committee. Instead, my role consisted of only two peripheral activities.

First, at the request of Ethics Compliance Officer Pat Rodgers, and in my capacity as an *ex officio* member of the Committee (as President of USOC), I participated in one teleconference to determine whether resources should be allocated to retain outside counsel for the Committee. Although the decision was made to retain outside counsel, I did not take part in that decision or the deliberations that preceded it – I merely listened in on the call, as I was asked to do by Mr. Rodgers.

Much later, and only after the conclusion of the Committee’s substantive deliberations, the Committee’s chairman, Mr. Duberstein, informed me that although the Committee had arrived at certain findings, it would not make a recommendation. Although I did not fully appreciate this at the time, the USOC Bylaws do not permit the Committee to decline to make a recommendation. Specifically, Chapter XIX of the USOC Bylaws states that the Ethics Oversight Committee’s “responsibilities shall be ... to review and investigate such matters relating to ethical practice as it may deem appropriate and to make recommendations resulting therefrom ... to the Executive Committee (if concerning the Chief Executive Officer ...).” (Emphasis added).

Mr. Duberstein instead told me that in the absence of a recommendation by the Ethics Oversight Committee, a decision of the Executive Committee would be required. As a result, and pursuant to my responsibilities as President of the USOC, I then convened a special meeting of the Executive Committee to review the report of the Ethics

Oversight Committee and issue a recommendation, as the Ethics Oversight Committee had failed to do. I recused myself from those deliberations, however, out of an excess of caution and due to concerns expressed by some committee members that past policy differences between Mr. Ward and me would make my involvement in the deliberations counterproductive.

The resolution announced by the Executive Committee on January 13th was inconclusive of the underlying issues, since it led to resignations by three members of the Ethics Oversight Committee, the USOC Ethics Compliance Officer and a member of the Executive Committee.

After I refused to resign as President of the USOC, I was publicly accused in a press conference by certain of my fellow officers of leaking information to the press, using the ethics review process to achieve political purposes, and operating the USOC in a way inconsistent with conducting a fair and reasonable review of Mr. Ward's conduct. It is my understanding that the press release making these accusations was at least in part prepared by outside counsel hired to represent the Executive Committee – of which I am the presiding officer – even though I was given no opportunity to participate in any way in the consideration of whether that press release was appropriate. Because that press release advanced the personal goals of seven members of the Committee but did not even attempt to represent the Committee as a whole, the payment of counsel from USOC funds seems to me no different than the appropriation of corporate assets for private purposes. It is perhaps not surprising that I initially agreed to resign when confronted with such attacks. However, on reconsideration I decided that it was fundamentally improper for my critics (aided by legal counsel) to ask me to resign, when all I had done was to try to

focus the organization on an issue of such a level of magnitude as to cause the protest resignations of so many fine people.

It seems to me that when an issue arises of the type that will cause honorable and capable individuals to resign in protest in wholesale fashion, it is plain that such an issue warrants the concern and focus of the USOC. Indeed, it is difficult for me to imagine any corporation – governmental or private – in which comparable resignations could occur but where it would not be thought important to look closely at the underlying causes. Although I have been criticized for articulating this point of view, I do not believe those criticisms are well-founded. In particular, I do not believe that my past policy disagreements with Mr. Ward should preclude me from fulfilling my responsibilities as USOC President by articulating this basic viewpoint. If that were to be the case, once the President has policy disagreements with any other senior officer, there are then important responsibilities the President can no longer execute. This cannot be correct, and no other organization to my knowledge functions this way.

What I was doing, and all that I was doing, was asking that an issue of this magnitude -- which had caused such fundamental division -- be reviewed with the greatest care. Especially given the controversy that the resignations have caused, and the failure of the Ethics Oversight Committee to fulfill its responsibilities under the USOC Bylaws, I believe it should be evident why it was in the USOC's best interests to engage in, and be perceived to have engaged in, the most careful and extensive review of the matter. Independent of the specific determinations in this case or my reactions to it, it is obvious that we have problems that remain unaddressed: An organization dedicated to the high ideals embodied by the Olympics and to the support of the extraordinary efforts

of our athletes simply should not find itself required to devote so much of its time and energies to the resolution of such troubling issues.

II. Dissemination of Information to the Media.

As for the second factor that brings us here today, the dissemination of information to the press, I want to make three points. To begin with, I want to make absolutely clear that I did not leak information to the press.

Next, the USOC has a longstanding policy designed to prevent improper press leaks. Under that policy, the only spokespersons for the USOC are the President, the CEO and the Managing Director of USOC Media Relations and Programs. That policy should be enforced.

Finally, and perhaps most importantly, the Bylaws themselves require sensitive documents to be disseminated broadly prior to committee and board meetings. Right now, before the Executive Committee can meet to consider a report of the Ethics Oversight Committee, the USOC Bylaws require that “in order for the [Committee] to take action on a specific matter at a particular meeting, the agenda for such meeting must describe the matter with sufficient particularity and be accompanied by sufficient supporting materials (to the extent then available) as to afford the members of such body reasonable notice that it will be offered for consideration.” Consistent with this and other Bylaws, I was required to disseminate to the 21-member Executive Committee a set of the documents considered by the Ethics Oversight Committee along with the meeting agenda.

Accordingly, the claim that I unnecessarily allowed information to be distributed is inaccurate. In particular, it has been charged that I attempted “to only present the most

damaging information and to present it in a way that would encourage the Executive Committee and the public to prejudge Mr. Ward as unfit for continued employment before they ever had an opportunity to view a complete record of the facts and circumstances.” This is simply not true. The materials I transmitted to the Executive Committee contained exactly the same documents that were considered by the Ethics Oversight Committee, with the single exception of a Dun & Bradstreet report, the accuracy of which could not be confirmed and which was therefore omitted.

This policy requiring broad dissemination of information obviously increases the chances that a leak will occur. Indeed, one could read the USOC Bylaws XIX to require that the entire 123-member USOC Board was responsible for considering the findings of the Ethics Oversight Committee. I chose to convene the Executive Committee in a special executive session, which not only avoided a sweeping distribution of information to 123 Board Members, but further contained it by avoiding the involvement of a relatively large number of staff members and advisors to the Committee in the deliberations. (As discussed in Section III below, I believe, for reasons unrelated to issues of information dissemination, that USOC governance would benefit if the size of its governing bodies were reduced.)

Ultimately, however, it is not practical or desirable to try to avoid leaks by unduly restricting the flow of information within the USOC. The USOC’s committees cannot govern unless they are able to make informed decisions. Especially given its public mission, the USOC should try hard to avoid leaks, but not at the expense of compromising either informed decision-making within the organization or informed public scrutiny of the organization’s decisions.

III. Potential Improvements in Governance.

The last issue I would like to address is corporate governance. Although it is necessary to clarify the ethics review process and eliminate leaks to the press, the governance issues facing the USOC are clearly of equal or greater importance and present a potentially greater challenge.

The Federal Amateur Sports Act, authored by Senator Stevens, was based on the report of the President's Commission on Olympic Sports, a commission upon which Senator Stevens served. It is my view that the current problems of the USOC would have been significantly reduced if one major recommendation of the Commission had been implemented – that being its recommendation that the USOC Board of Directors be reduced to 15 persons. We need to make the USOC governance structure smaller and more efficient. A 123-member Board of Directors is simply too large. So too is a 21-member Executive Committee which, with the addition of special assistants, advisors and others, brings the size of any meeting to over 50 people. To place USOC governance in the hands of so many people is to make decision-making inefficient and place effective oversight at risk. Having fewer people be more directly responsible for the governance of the USOC will increase the accountability and level of involvement of each of them, while smaller deliberative bodies will be able to act more quickly and efficiently and to describe their deliberations and decisions more accurately. Reducing the number of people involved in oversight will also, to some extent, reduce the danger of improper leaks to the press by avoiding the need for unduly broad distributions of sensitive material.

Next, we need to make changes necessary to assure that organizational roles and responsibilities are clearly defined and adhered to. For example, the currently mandated organizational structure places the management of key international and governmental relationships under the control of the USOC President, where they should be placed, given the level of international experience typically possessed by those who hold that office, but the Chief Executive Officer is given conflicting responsibility for hiring and firing the staff personnel assigned to that effort. For example, Hernando Madronero, the Director of USOC International Relations, was terminated by Mr. Ward. (This issue also overlaps other issues considered today – before being terminated, Mr. Madronero received directions from Mr. Ward in connection with the conduct of Mr. Ward giving rise to the ethics issue that has led to the present controversy.) Such structural deficiencies, which result in confusion and conflict, are too commonplace at the USOC, and should be eliminated.

Changes such as these, I believe, would aid us in our primary mission, which is to do all we can to guarantee that our athletes are able to train and succeed in their quest to compete in and win medals in the Olympic, Pan American and Paralympic Games. These changes would also make us better at continuing to provide support to our National Governing Bodies and to our constituent members; at examining and monitoring our budget and administrative overhead to ensure our organization is providing maximum deliverables with minimum cost; and at assuring our sponsors that their investments and trust in us is warranted. These objectives are clearly more important to us than ever, given that Forbes Magazine recently identified the USOC as one of a number of non-profits it “recommends avoiding--or at least taking a very close look at,” because its

fundraising efficiency falls below 70%. This is of great concern to us, as it must be to you. Of course, we must also strive to better service our existing sponsor contracts and maximize our opportunities to renew them; and to seek new sources of revenue, particularly in the donor giving area.

Lastly, as an element of the revisions needed to the corporate governance structure of the USOC, I believe it is imperative that we introduce greater transparency into our processes as a means of restoring public confidence in the integrity of the organization and its ability to fulfill its primary mission of promoting amateur athletes pursue their goals. While in the recent controversy the premature dissemination of information to the press contributed greatly to the controversies that sparked this hearing, public scrutiny of the USOC should be encouraged and promoted in the organization's policies in the future.

Again, I share the view of those who criticize these leaks as counterproductive to the deliberative process in this matter. The USOC's committees must be able to deliberate in private and must be able to create certain documents that are not properly disseminated to the media. However, as noted above, apart from enforcing the rules against leaks, there is a limit to how far it is possible to go to stop them, without potentially compromising other important goals. (Reducing the size of governing committees, which has other important governance benefits, may incidentally also help reduce leaks.) The present controversies unavoidably erode public confidence in the USOC, which harms our athletes – the exact opposite of what the USOC is established to do. Adequate public awareness of the ethical oversight process of this organization is an important element of restoring faith in the USOC.

Let me close by saying that volunteers are terribly important to the USOC, which depends upon their extensive devotion of personal resources to help our athletes. I feel that behind the athletes – who must always come first – my most important constituency is the volunteers who put on the show. It is my responsibility as President to lead the USOC, and in that capacity I am the most visible of all of the thousands of volunteers who devote themselves to the organization. Sometimes that responsibility makes reasonable disagreements with different constituencies unavoidable; it is my goal to resolve those disagreements through a process of discussion and consensus that is designed to maximize the goals of the USOC and the athletes it serves. I am confident that my efforts have been in furtherance of that purpose. I look forward to resolving these issues and to the work that remains.

Once again, I appreciate the opportunity to discuss with this Committee the issues we at the USOC are struggling with. With the guidance and support of Congress and the American people, and a redoubled effort to address the governance issues that confront the USOC, I am sure we can make the organization one of which all of us – athletes, volunteers and all Americans – can be proud.